

APPENDIX MERGER CONDITIONS

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APPENDIX MERGER CONDITIONS

1. MERGER CONDITIONS

- 1.1 For purposes of this Appendix only **SBC-13STATE** is defined as one of the following ILECs as appropriate to the underlying Agreement (without reference to this Appendix) in those geographic areas where the referenced SBC owned Company is the ILEC: Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, Nevada Bell Telephone Company, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company, and/or Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin.
- 1.1.1 As used herein, **SBC-AMERITECH** means the applicable listed ILEC(s) doing business in Illinois, Indiana, Michigan, Ohio and Wisconsin.
- 1.1.2 As used herein, **SBC-13STATE** means an ILEC doing business in Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas and Wisconsin.
- 1.2 **SBC-13STATE** will provide to CLEC certain items as set out in the Conditions for FCC Order Approving **SBC/Ameritech** Merger, CC Docket No. 98-141 (FCC Merger Conditions), including certain carrier-to-carrier promotions for use by CLEC to provision local service to residential end user customers on terms and conditions described in the FCC Merger Conditions, an alternative dispute resolution ("ADR") process designed to resolve carrier-to-carrier disputes before such disputes become formal complaints before the Commission and other items as specified herein.
- 1.3 The Parties agree to abide by and incorporate by reference into this Appendix the FCC Merger Conditions.
- 1.4 This Appendix terminates the earlier of (1) the date this Agreement itself terminates without reference to this Appendix or (2) the date **SBC-13STATE** obligations cease under the FCC Merger Conditions.

2. DEFINED TERMS; DATES OF REFERENCE

- 2.1 Unless otherwise defined in this Appendix, capitalized terms shall have the meanings assigned to such terms in the Agreement without reference to this Appendix and in the FCC Merger Conditions.

2.2 For purposes of calculating the intervals set forth in the FCC Merger Conditions concerning carrier to carrier promotions:

2.2.1 the Merger Closing Date is October 8, 1999; and

2.2.2 the Offering Window begins November 7, 1999.

2.3 "FCC Merger Conditions" means the Conditions for FCC Order Approving SBC/Ameritech Merger, CC Docket No. 98-141.

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9. **PROMOTIONAL UNE PLATFORM**

9.1 **SBC-13STATE** will provide to CLEC, at the rates, terms and conditions and for the period of time contained in the FCC Merger Conditions, promotional end-to-end combinations of UNEs (the "promotional UNE platform") to enable CLEC to provide residential POTS service and residential Basic Rate Interface ISDN service. The promotional UNE platform may be used to provide exchange access services in combination with these services. For purposes of this Paragraph, the promotional UNE platform is a combination of all network elements used to provide residential POTS service and residential Basic Rate Interface ISDN service and available under FCC Rule 51.319, as in effect on January 24, 1999. When **SBC-13STATE** provides the promotional UNE platform, CLEC will pay a sum equal to the total of the charges (both recurring and nonrecurring) for each individual UNE and cross connect in the existing assembly. Where a new assembly is required, CLEC will pay an additional charge to compensate **SBC-13STATE** for creating such new assembly. The assembly charge will be established pursuant to section 252(d)(1) of the Telecommunications Act by agreement of the parties or by the appropriate state commission. Should CLEC's order require an assembly charge prior to establishment of such charge, **SBC-13STATE** will bill and CLEC will pay after such charge is established. Provision of the promotional UNE platform is subject to CLEC's qualification and compliance with the provisions of the FCC Merger Conditions.

- 9.2 If CLEC does not qualify for the promotional UNE platform set forth in the FCC Merger Conditions, or if the promotional UNE platform is no longer available for any reason, **SBC-13STATE**'s provision and CLEC's payment for the new or embedded base customers' unbundled network elements, cross connects or other items, and combining charges, if any, used in providing the promotional UNE platform shall be governed by the rates, terms, and conditions as currently contained in the Agreement without reference to this Appendix. Should such provisions not be contained in the Agreement without reference to this Appendix, **SBC-13STATE**'s provision and CLEC's payment will be at the price level of an analogous resale service or the applicable tariff. Where there are no terms for an analogous resale service in the Agreement without reference to this Appendix and there is no applicable tariff, the Parties shall meet within 30 days of a written request to do so to negotiate mutually acceptable rates, terms and conditions that shall apply retroactively. If the Parties are unable to reach agreement within 60 days of the written request to negotiate, any outstanding disputes shall be handled in accordance with the Dispute Resolution procedures in the Agreement.
- 9.3 Notwithstanding 9.1 and 9.2 above, **SBC-AMERITECH** shall provide a Promotional UNE Platform which shall consist of a) an Unbundled Local Loop; and b) Unbundled Local Switching with Interim Shared Transport, both as defined and offered in this Agreement. The Promotional UNE Platform shall consist of the functionality provided by: 1) an Unbundled Local Loop and 2) ULS-IST purchased under the provisions of this Amendment (and not from any other source). If the unbundled Local Loop offering or the ULS-IST offering in this Amendment changes, the Promotional UNE Platform will automatically change to the same extent.
- 9.3.1 **SBC-AMERITECH** will provide The Promotional UNE Platform in accordance with the terms and conditions as listed on the "Combined Platform Offering" Unbundling Elements Ordering Guide document on **SBC-AMERITECH**'s TCNet.

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12. CONFLICTING CONDITIONS

- 12.1 If any of the FCC Merger Conditions in this Appendix and conditions imposed in connection with the merger under state law grant similar rights against **SBC-13STATE**, CLEC shall not have a right to invoke the relevant terms of these FCC Merger Conditions in this Appendix if CLEC has invoked substantially related conditions imposed on the merger under state law in accordance the FCC Merger Conditions.

13. SUSPENSION OF CONDITIONS

- 13.1 If the FCC Merger Conditions are overturned or any of the provisions of the FCC Merger Conditions that are incorporated herein by reference are amended or modified as a result of any order or finding by the FCC, a court of competent jurisdiction or other governmental and/or regulatory authority, any impacted promotional discounts and other provision described in this Appendix shall be automatically and without notice suspended as of the date of such termination or order or finding and shall not apply to any product or service purchased by CLEC or provisioned by **SBC-13STATE** after the date of such termination or order or finding. Thereafter, **SBC-13STATE**'s continued provision and CLEC's payment for any service or item originally ordered or provided under this Appendix shall be governed by the rates, terms, and conditions as currently contained in the Agreement without reference to this Appendix. In the event that the FCC changes, modifies, adds or deletes any of the FCC Merger Conditions set forth herein, the Parties agree that the FCC's final order controls and takes precedence over the FCC Merger Conditions set forth herein.

14. UNBUNDLED LOCAL SWITCHING WITH INTERIM SHARED TRANSPORT

14.1 The Interim Shared Transport Capability of ULS-IST

- 14.1.1 Interim Shared Transport capability of ULS-IST refers to all transmission facilities connecting **SBC-AMERITECH**'s switches which can be shared by more than one LEC, including **SBC-AMERITECH**. These facilities include those between **SBC-AMERITECH**'s End Office Switches, between **SBC-AMERITECH**'s End Office Switch and **SBC-AMERITECH**'s Tandem Office Switch, and between **SBC-AMERITECH**'s Tandem Office Switches.
- 14.1.2 **SBC-AMERITECH** will not require use of dedicated transport or customized routing to complete calls using ULS-IST. **SBC-AMERITECH** will make available a modified version of transiting that does not require a dedicated end office integration ("EOI") transit trunk.
- 14.1.3 To allow Requesting Carriers, who subscribe to ULS-IST, to originate and complete traffic through **SBC-AMERITECH**'s network to non-**SBC-AMERITECH** switches, **SBC-AMERITECH** provides a transit function ("Interim Shared Transport-Transit"). The Interim Shared Transport-Transit function provided herein will permit Requesting Carrier subscribing to **SBC-AMERITECH**'s ULS-IST to use shared facilities and not dedicated transport between **SBC-AMERITECH**'s Central Offices

and other carrier's switches providing local, wireless, or interexchange services.

- 14.1.4 Therefore, all Requesting Carrier's traffic between **SBC-AMERITECH** switches will utilize Interim Shared Transport and all Requesting Carrier's traffic to non-**SBC-AMERITECH** switches will utilize the transit function of Interim Shared Transport.
- 14.1.5 The Interim Shared Transport rate will be a blend of Interim Shared Transport and Interim Shared Transport-Transit. **SBC-AMERITECH** reserves the right to establish separate rates for interim Shared Transport and Interim Shared Transport-Transit.
- 14.1.6 Access to Interim Shared Transport will be provided only though ULS-IST subscribed to by the Requesting Carrier and dedicated to the Requesting Carrier's Customers.
- 14.1.7 To provide access to ULS-IST, **SBC-AMERITECH** will utilize its existing routing tables contained in **SBC-AMERITECH** switches when Requesting Carrier subscribes to ULS-IST in this Schedule.
- 14.1.8 If a Requesting Carrier elects to use ULS-IST, then custom routing will not be provided. A Requesting Carrier cannot mix the use of ULS-IST and custom routing within an **SBC-AMERITECH** End Office Switch for local and intraLATA toll traffic. The only exception is when a Requesting Carrier, subscribing to ULS-IST, chooses to custom route its operator services and/or directory assistance calls to dedicated transport bound for its OS/DA provider (including **SBC-AMERITECH**'s telecommunications carrier branded OS/DA Service).

14.2 ULS-IST Rating

- 14.2.1 **SBC-AMERITECH** will charge Requesting Carrier ULS rates as set forth in the applicable Appendix Pricing.
- 14.2.2 **SBC-AMERITECH** will also charge a Requesting Carrier using **SBC-AMERITECH**'s ULS-IST a usage-sensitive shared transport rate. The Interim Shared Transport rate is based upon a blend of direct and tandem-routed traffic and either local switch usage at the terminating **SBC-AMERITECH** end office or transiting and applicable termination charges for traffic to a non-**SBC-AMERITECH** end office. **SBC-AMERITECH** will not charge a Telecommunications Carrier using **SBC-AMERITECH**'s local switching for usage at the terminating switch to which the Telecommunications Carrier's traffic is delivered by shared

transport facilities. **SBC-AMERITECH** will not create message records for terminating usage under the FCC Conditions.

- 14.2.2.1 All local and intraLATA traffic is billed from the originating record.
- 14.2.2.2 Because the originating Telecommunications Carrier is billed for terminating switching, compensation to the terminating carrier is not necessary.

14.2.3 Rating for the Interim Shared Transport capability of ULS-IST will occur in the following manner:

- 14.2.3.1 The Interim Shared Transport usage rate will apply to all ULS minutes of use.
- 14.2.3.2 The Interim Shared Transport usage rate has been reduced to account for intraswitch traffic that does not use Interim Shared Transport.
- 14.2.3.3 The Interim Shared Transport usage rate will apply in addition to the ULS usage charge.
- 14.2.3.4 The Interim Shared Transport usage rate is based on average transport utilized and average termination costs based on a blend of the following traffic:
 - 14.2.3.4.1 Direct routed traffic terminating to an **SBC-AMERITECH** end office.
 - 14.2.3.4.2 Tandem routed traffic terminating to an **SBC-AMERITECH** end office.
 - 14.2.3.4.3 Direct routed traffic terminating to a non-**SBC-AMERITECH** end office.
 - 14.2.3.4.4 Tandem routed traffic terminating to a non-**SBC-AMERITECH** end office.

14.2.4 The Interim Shared Transport usage charge per minute of use is set forth in the applicable Appendix Pricing.

14.3 Access Charge Settlement Methodology

- 14.3.1 Where a Customer served by the Requesting Carrier using **SBC-AMERITECH**'s ULS-IST makes or receives intraLATA or interLATA traffic carried by an interexchange carrier ("IXC"), **SBC-AMERITECH** will collect its relevant access charges from the interexchange carrier. Based upon originating and terminating usage factors, **SBC-AMERITECH** will then make payment to (or receive payment from) the Requesting Carrier based on the difference between the access charges and the applicable charges for the Network Elements used by the Requesting Carrier to provide the access service.
- 14.3.2 A factoring approach will be used to reimburse the Requesting Carrier for access usage (originating and terminating). Factoring occurs in the following manner:
- 14.3.2.1 The statewide aggregate average quantity of both originating and terminating exchange access minutes of use ("MOU") was determined for a ULS-IST Line Port.
- 14.3.2.2 These MOUs were then multiplied by **SBC-AMERITECH**'s average access rates to generate a credit for access per ULS-IST Line Port.
- 14.3.2.3 The average originating MOUs were then multiplied by the ULS and Interim Shared Transport usage rates and the terminating MOUs were multiplied by the Interim Shared Transport usage rate. These were totaled to create a debit for use of **SBC-AMERITECH**'s network.
- 14.3.2.4 The difference between the access credit and the ULS Interim Shared Transport debit will be applied to Requesting Carrier's ULS-IST billing. The adjustment will be made per ULS-IST Line Port on a monthly basis.
- 14.4 The ULS-IST access credit is set forth in the applicable Appendix Pricing.
- 14.5 Retroactive True-Up
- 14.5.1 Upon issuance of a final and non-appealable Order by the Commission that modifies: 1) the Interim Shared Transport MOU rate set forth in ULS-IST section of the Pricing Appendix; and/or 2) the access charge settlement methodology set forth in the ULS-IST section of the Pricing Appendix, the Parties agree to substitute such modified rate or methodology on a prospective basis. In addition, the Parties shall retroactively true-up the amounts the Parties have previously paid and/or received such that each

Party receives and/or pays the same level of compensation it would have received and/or paid had the Commission's final and non-appealable order originally applied in lieu of the MOU rate and/or methodology set forth above.

14.5.2 **SBC-AMERITECH** will not be required to provide the retroactive true-up for any period prior to the Agreement Effective Date.

14.6 **BLOCKING**

14.6.1 Requesting Carrier shall comply with all federal and state requirements to block Customer access to Ancillary Services upon Customer's request. Requesting Carrier shall also block Customer access to Ancillary Services upon Ameritech's request, as set forth in **Exhibit D**.

15. PROMOTIONAL PAYMENT PLAN FOR UNE, RESALE AND BFR PROCESSING FEE WAIVER—OHIO AND ILLINOIS ONLY

15.1 **SBC-AMERITECH** will provide, in the states of Ohio and Illinois, a promotional eighteen (18) month installment payment option to CLECs for the payment of non-recurring charges associated with the purchase of unbundled Network Elements used in the provision of residential services and the resale of services used in the provision of residential services.

15.2 **SBC-AMERITECH** will provide, in the states of Ohio and Illinois, a promotional payment plan option to CLECs for the payment of non-recurring charges associated with the purchase of unbundled Network Elements used in the provision of residential services and the resale of services used in the provision of residential services. The promotion is available on the terms and conditions set forth in the Ameritech – Ohio and Illinois Merger Conditions for the period specified therein. Such provision of the promotional payment plan is subject to CLEC's qualification and compliance with the provisions of the Ameritech – Ohio and Illinois Merger Conditions.

15.3 **SBC-AMERITECH** agrees to waive, in the states of Illinois and Ohio, the Bona Fide Request ("BFR") initial processing fee associated with a BFR submitted by a

CLEC for service to residential customers under the following condition: the CLEC submitting the BFR must have, for the majority of the BFR requests it has submitted to Ameritech Illinois or Ameritech Ohio, as is appropriate, during the preceding 12 months, completed the BFR process, including the payment of any amounts due. The BFR initial processing fee will be waived for a CLEC's first BFR following the Merger Closing Date and for a CLEC that has not submitted a BFR during the preceding 12 months. This BFR fee waiver will be offered for a period of 3 years following the Merger Closing Date.

EXHIBIT D

1. GENERAL INFORMATION ON BLOCKING

- 1.1 Optional Blocking is available to consumer and business Customers that want the capability to block direct calls to Provider's services covered in this Schedule.
- 1.2 Customers attempting to reach programming from accounts where blocking has been established will reach a recording informing them that the call cannot be completed.
- 1.3 Access to 976 services is prohibited by tariff from providing Group Access Bridging (GAB) services whereby a Customer can be connected to parties other than the IP for the purpose of establishing a conference call.
- 1.4 Collect, operator assisted, calling card, and person-to-person calls to 976 are not allowed.
- 1.5 Collect and person-to-person calls to CPP/C and CPP/P are not allowed.
- 1.6 Calls from WATS, hotel/motel, **SBC-AMERITECH** Public/semi-public telephones and lines with Call Blocking will not be allowed to 976 service.
- 1.7 976 Call Blocking should not be added to accounts that have Consumer/Business Toll Restrictions.
- 1.8 Call Blocking will be provided only where CO facilities permit.
- 1.9 Call Blocking may not be limited to specific programs.
- 1.10 Call Blocking does not block calls to other telephone companies' numbers.
- 1.11 Call Blocking does not block long distance charges.
- 1.12 Requesting Carrier reserves the right to provide to the general public, upon request, the complete name, address, and telephone number of the Information Providers in response to inquiries and comments referring to the Information Provider's services.
- 1.13 The first time a Customer specifically disputes Pay-Per-Call charges, Customer must be informed of the availability of Call Blocking and disputed charges are adjusted accordingly on Customer's bill. Inform Customer that the Information Provider may pursue collection of charges directly with Customer.

- 1.14 After the Customer specifically disputes charges, inform Customer that mandatory blocking will be established on Customer's line and disputed amount is adjusted accordingly on Customer's bill. Inform Customer that the Information Providers may pursue collection of charges directly with Customers.
- 1.15 Adjustments granted as the result of refusal to pay, denies all knowledge, unsatisfactory payment arrangements, etc., should be classified as an uncollectible adjustment and blocking should be established after first request.
- 1.16 On the database, Adjustments granted as the result of poor transmission, call not completed or calls completed due to failure to establish blocking, such as service order issued incorrectly, should be classified as correct charges on the **SBC-AMERITECH** entity code (R or NBT).
- 1.17 Blocking must be imposed on those Customers who refuse to pay legitimate Per-Per-Call charges, to the extent permitted under Applicable Law.